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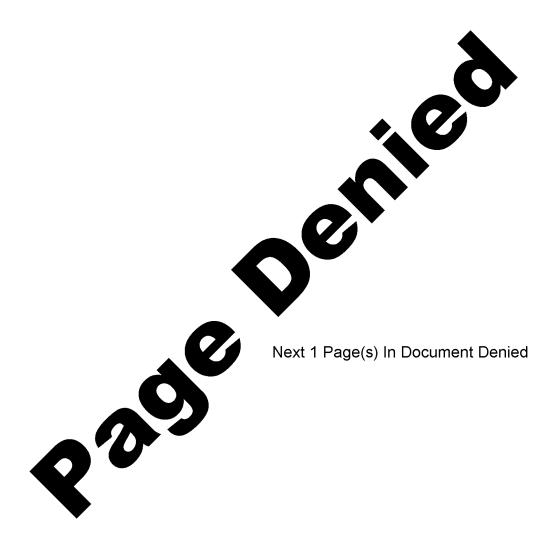
WESTERN EUROPE -- CANADA -- INTERNATIONAL ORGANIZATIONS

This publication is prepared for regional specialists in the Washington community by the Western Europe Division, Office of Current Intelligence, with occasional contributions from other offices within the Directorate of Intelligence. Comments and queries are welcome. They should be directed to the authors of the individual articles.

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British Leaders Discuss EC Membership and the Economy

Jack Jones, head of Britain's largest trade union, and Employment Secretary Foot recently met with Ambassador Richardson and other embassy officers to discuss the EC membership question and the economy—the most important issues currently facing Britain.

Jones, a staunch anti-marketeer and leading member of the Labor party, believes the party will not be torn apart by the EC issue. Although working for the "Get Britain Out" group, Jones has tried behind the scenes to minimize the friction between the pro- and anti-marketeers in both party and trade union circles.

The union leader, pointing to the budget published yesterday, does not believe that the EC issue is hampering the government's operations. The budget, however, does not come to grips with the country's economic problems—inflation running at an annual rate of 20 percent and rising unemployment. The budget was tougher than expected and is likely to receive a hostile reaction from all quarters, especially the trade unions.

Jones and Foot are still solidly behind the social contract, insisting that it is the only way to deal with Britain's inflation. Foot, however, said that the contract must be in effect for another two years before it will show results. Jones said that government officials, such as Chancellor of the Exchequer Healey, who has been warning workers about making excessive wage demands, are simply covering up their predilection for an incomes policy.

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On the question of industrial relations, Jones and Foot reacted negatively to any suggestion that Britain needs legislation to stop wildcat strikes and other labor activities that hurt production. Both favor a completely permissive system with voluntary conciliation and arbitration machinery to confine or limit confrontation. Jones did admit that unofficial strikes are a serious problem, but he believes self-regulation is the way to reduce their number. Last year, the number of working days lost because of strikes reached the second highest total since the 1926 general strike and was more than double that for 1973. Even when the miners' strike is not included, there was a greater tendency to strike last year than previously.

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Italian Union Leaders Divided Over Labor Unity

The leaders of Italy's three major labor confederations are meeting this week in an effort to resolve their differences over the possible formation of a single national labor organization. The strongest opposition is coming from union leaders who fear it would result in Communist domination of the labor movement.

The three confederations—which represent about 40 percent of Italy's workers, including the strongest and most militant industrial unions—have made substantial progress toward unification in recent years. Most major labor actions are now coordinated through a loosely—organized federation set up by the three groups in 1972. The federation, for example, handled the negotiations earlier this year that produced impressive worker benefits. It will guide the negotiations to renew important union contracts that expire late this year.

The discussions this week will center on whether to move beyond this loose arrangement to a complete merger of the three confederations. The strongest support for this comes from the largest of the three—the Communist—dominated General Confederation of Italian Workers (CGIL). Communist union leaders are pushing a timetable that would assure merger within two years, a unified labor press, and a single union card. They also want proportional voting in the present federation—a step which would increase their already predominant influence.

The Christian Democratic-oriented Confederation of Trade Unions (CISL) -- the second largest organization -- is divided over the merger issue. The

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majority, inclined to press ahead, is constrained by an influential minority that fears the Communists. The official Christian Democratic position is a straddle: support for merger provided that the unions can guarantee their autonomy from political parties.

The strongest opposition comes from the small Union of Italian Labor, a group of Social Democrat, Republican, and Socialist adherents who believe that labor unity has gone as far as it should. The Union's leader claims to have support from the Christian Democratic union for the formation of a new anticommunist labor organization. He says, moreover, that the US labor movement is prepared to back such a move financially.

Although none of the unions is completely controlled by the political parties, the connection between the merger issue and national political considerations is close. The Communists, for example, view labor unity as another step toward party legitimization and eventual government participation. The Christian Democrats, in their campaign for the nationwide local elections set for June, are stressing their traditional opposition to any increase in Communist influence.

These political overtones could make labor leaders cautious about taking a definitive stand at this time. If they back away from the issue now, however, it will only postpone a confrontation on the merger question until after the June elections.

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Producer-Consumer Conference

After more than a week of brutal negotiations in Paris, the oil producing and consuming states have failed to reach agreement on an agenda for a proposed major international conference to be held later this year.

Debate has centered primarily on the role raw materials will play in the upcoming conference. The developed countries, represented by the US, the EC, and Japan, prefer an agenda which focuses squarely on energy and energy-related issues. They did indicate a willingness to discuss raw materials problems as long as a clear linkage to energy issues could be established, but they consistently opposed efforts to link the price of oil with the price of raw materials.

The oil-producing states, represented by Algeria, Saudi Arabia, Venezuela, and Iran, and the developing states, represented by Brazil, India and Zaire, are demanding that equal importance be given to the economic problems of the third world and raw materials producers. Algeria, the self-appointed spokesman for the seven, is leading this effort.

The French, host to the talks, made strenuous efforts in Paris over the weekend to negotiate a compromise. Participants were hoping French President Giscard's visit to Algiers might contribute, but it did not.

The debate over an acceptable agenda has prevented agreement on most of the other questions which confronted the ten participants, such as

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who will host the conference, where and when it will be held, and who will be allowed to participate. Participants are divided over demands by the developed states to grant the International Energy Agency observer status at the upcoming conference. Algeria has consistently opposed observer status, branding the energy agency as an organization designed for confrontation.

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